

November 8, 2004

1120 Stakeholders

We are pleased to announce that we are posting the second version of the Tax Year (TY) 2004 XML schemas (Version 2004v2.0) and Business Rules that we refer to as Release 3.1 on our website. These schemas contain changes since the August 30, 2004 posting. These schemas do include the new Schedule M-3 for the Form 1120, but those test scenarios have not yet been completed. We are planning on issuing the three (3) test case scenarios that contain the Schedule M-3 later this month. Release 3.1 production is still on schedule to begin January 7, 2005.

This version of the schemas must be used for Assurance Testing (ATS) that is scheduled to begin on November 15, 2004. We will give you further updates prior to the actual opening of ATS. We will be posting and sending a file that contains changes to the ATS scenarios that have been published prior to the beginning of ATS. This file includes items that were discovered during our internal testing and comments received from some of the software developers.

M-3 Testing

To recap, the schemas and business rules we are posting today do contain the Schedule M-3. The three scenarios that contain the Schedule M-3 are being finalized now that the form is complete and we will be issuing test scenario 2 on Friday, November 12, 2004. The remaining two M-3 scenarios will be issued later this month.

XML Schemas

The schemas we are presenting you today are the second draft of Tax Year 2004 XML schemas for all forms and schedules for 1120/1120S. The schemas are version 2.0 (2004v2.0) and can be found on the irs.gov website in the **ATS System** table at <http://www.irs.gov/taxpros/providers/article/0,,id=97626.00.html>. Also included are the "Diff Files" that show changes from the August 30, 2004 posting.

TY2003V23 is shown in the Production System table as they are still valid and being used to process 2003 returns.

Business Rules

Business Rules for Release 3.1 version 2.0 (2004v2.0) are also being posted today in two different formats – a MS Word file and a comma separated file (.csv) that contains the very same information. A column in the file identifies the changes made from the last posted version to help you identify the changes that were made. The business rules are posted under Other Documents at <http://www.irs.gov/taxpros/providers/article/0,,id=97626.00.html>.

Each business rule file is assigned the same version number that is assigned to the schemas to which the rules apply. The current schemas and rules files are assigned version number 2004 Version 2.0 (2004v2.0).

As with the XML schemas TY2003V23 is also available for the Business Rules in the Production System table for the 2003 returns currently being filed.

Form 7004

We are also pleased to announce that we are posting the Release 3.1 schemas and business rules version 2004v2.0 for Form 7004, Application for Automatic Extension of Time to File Corporation Income Tax Return, which is due to be implemented in January 2005.

As always if you have any questions or comments, please contact us through the Topica group or the ETA 1120 Team at 1120@irs.gov. You can also contact Xan Ostro at (202) 283-7697 or Joan Barr from the ETA team at (202) 283-2572. For questions on 7004, you can contact Thelma McConkey from the ETA team at (202) 283-4853.